



(Incorporated in Switzerland 1967)

Habib Bank AG Zurich

United Arab Emirates

Basel Pillar III Disclosures
for the period ended 30th June 2025

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1. Introduction:

Habib Bank AG Zurich (the “Bank”) was established in the UAE in 1974 and operates with eight branches in the Emirates of Abu Dhabi (1), Dubai (6), and Sharjah (1) under a full commercial banking license issued by the Central Bank of the United Arab Emirates (“CBUAE”). Additionally, the Bank has an Electronic Banking Unit in Musaffah, Abu Dhabi area since November 2024. The Head Office of the Bank is Habib Bank AG Zurich (the “Head Office”) incorporated in Switzerland. The registered address of the Bank is P. O. Box 3306, Dubai, United Arab Emirates.

2. Purpose and basis of preparation:

The Central Bank of the UAE (“CBUAE”) supervises the Bank and therefore receives information on the capital adequacy of and sets capital requirements for the Bank. The capital requirements are computed using the Basel III framework of the Basel Committee on Banking Supervision (“Basel Committee”), after applying the amendments advised by the CBUAE, within national discretion. The Basel framework is structured around three pillars as follows:

- Pillar 1 prescribes the minimum capital requirements.
- Pillar 2 addresses the associated supervisory review process; and
- Pillar 3 specifies further public disclosure requirements in respect of the capital and risk profile.

The disclosures have been prepared in line with the disclosure templates introduced by the CBUAE guidelines on disclosure requirements (CBUAE/BSD/N/2020/4980, CBUAE CBUAE/BSD/N/2021/5508, and CBUAE/BSD/2022/5280) published in November 2020, November 2021, and December 2022 respectively.

The semi-annual Pillar 3 report of the Bank for the year ended 30 June 2025 comprises detailed information on the underlying drivers of Risk-Weighted Assets (RWA) and capital of the Bank.

3. Overview of Pillar 3:

The aim of the capital adequacy regime is to promote safety and soundness in the financial system. It is structured around three ‘pillars’: Pillar 1 on minimum capital requirements; Pillar 2 on the supervisory review process; and Pillar 3 on market discipline. Pillar 3 requires the Banks to publish a set of disclosures which allow market participants to assess the specified information on the scope of application of Basel III, organization’s key prudential metrics, particular risk exposures and risk assessment process, and the capital adequacy of the Bank. These disclosures consist of both qualitative and quantitative information.

The CBUAE issued Basel III capital regulations, which came into effect from February 1st, 2017, introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (“CET1”), Additional Tier 1 (“AT1”) and Total Capital. Additional capital buffers (Capital Conservation Buffer (“CCB”) and Countercyclical Capital Buffer (“CCyB”) – maximum up to 2.5% for each buffer) introduced are over and above the minimum CET1 requirement of 7%.

Regulatory Changes

IFRS9 Transitional adjustments

The IFRS9 partial add-back transitional adjustments were introduced in the UAE as a ‘prudential filter’ to smooth the impact of ECL accounting on capital by providing relief to any increases in Stage 1 and 2 Expected Credit Losses (ECL), based on a 5-year transitional period on a proportionate basis, as follows:

- 100% from 1st January 2020 to 31 December 2021
- 75% from 1st January 2021 to 31 December 2022
- 50% from 1st January 2022 to 31 December 2023
- 25% for 2024

This phased approach helped the Bank manage capital adequacy more effectively while adapting to the new accounting standards.

Policy and verification

The Bank has operated within a framework of internal controls and procedures for accessing the appropriateness of this disclosure.

These Pillar 3 disclosures have been subject to review from internal auditors and appropriate senior management within the Bank.

We confirm that the Bank's Pillar 3 disclosures, to the best of our knowledge, comply with the revised CBUAE Pillar 3 market disclosures requirements and have been prepared in compliance with the Bank's internal control framework.

Implementation of Basel III standards and guidelines

The Bank has adopted the Standardized Approach for Credit Risk, Counterparty Credit Risk and Market Risk and the Basic Indicator Approach for Operational Risk (Pillar 1) for regulatory reporting purposes. Credit Valuation Adjustment (CVA) capital became effective from 30 June 2022.

Habib Bank AG Zurich, UAE branch only executes the plain vanilla FX Forward and FX Swap transactions with the market counterparties for the purpose of covering the open exposure against client deals and to manage the excess liquidity. Considering the nature of transactions, Habib Bank AG Zurich, UAE branch has chosen to stick to the prescribed Standardized Approach by the regulator to calculate the capital charge against CCR & CVA.

The Bank also assigns capital on other than Pillar 1 risk categories, for example 'Interest rate risk on banking book' and for 'Business risk', within the Pillar 2 framework.

4. Highlights:

In line with Article 2.2. of Capital Adequacy Regulation, CBUAE requires banks to apply the following minimum requirement:

- CET1 must be at least 7% of risk weighted assets (RWA);
- Tier 1 Capital must be at least 8.5% of RWA;
- Total Capital, calculated as the sum of Tier 1 Capital and Tier 2 Capital, must be at least 10.5% of RWA.
- In addition to the minimum CET1 capital of 7% of RWA, banks must maintain a capital conservation buffer (CCB) and Countercyclical Capital Buffer (CCyB), maximum of 2.5% of RWAs on the form of CET1 capital.
- All banks must maintain a leverage ratio of at least 3.0%.

The Bank has complied with all the externally imposed capital requirements and is well capitalized with low leverage and high levels of loss-absorbing capacity. As at 30 June 2025:

- The Bank's Common Equity Tier 1 (CET1) ratio of 19.58% (30 June 2024: 21.44%), Tier 1 capital ratio of 19.58% (30 June 2024: 21.44%), Capital Adequacy Ratio of 20.62% (30 June 2024: 22.49%), are all well ahead of the regulatory requirements.
- The Bank's leverage ratio of 9.40% (30 June 2024: 9.71%) is well ahead of the current regulatory requirement.
- The Bank continues to manage its balance sheet proactively, with focus on sound RWA management.

Key Metrics (KM1)

Key prudential regulatory metrics have been included in the following table:

		AED'000	AED'000	AED'000	AED'000	AED'000
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sept 2024	30 Jun 2024
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	1,521,361	1,503,871	1,679,200	1,501,754	1,443,432
1a	Fully loaded ECL accounting model	1,521,361	1,503,871	1,679,200	1,501,754	1,443,432
2	Tier 1	1,521,361	1,503,871	1,679,200	1,501,754	1,443,432
2a	Fully loaded ECL accounting model Tier 1	1,521,361	1,503,871	1,679,200	1,501,754	1,443,432
3	Total capital	1,602,176	1,581,197	1,754,793	1,574,411	1,514,335
3a	Fully loaded ECL accounting model total capital	1,602,176	1,581,197	1,754,793	1,574,411	1,514,335
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	7,768,575	7,488,882	7,351,755	6,876,234	6,733,446
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	19.58%	20.08%	22.84%	21.84%	21.44%
5a	Fully loaded ECL accounting model CET1 (%)	19.58%	20.08%	22.84%	21.84%	21.44%
6	Tier 1 ratio (%)	19.58%	20.08%	22.84%	21.84%	21.44%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	19.58%	20.08%	22.84%	21.84%	21.44%
7	Total capital ratio (%)	20.62%	21.11%	23.87%	22.90%	22.49%
7a	Fully loaded ECL accounting model total capital ratio (%)	20.62%	21.11%	23.87%	22.90%	22.49%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.46%	0.44%	0.43%	0.02%	0.03%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%)	2.96%	2.94%	2.93%	2.52%	2.53%
12	CET1 available after meeting the bank's minimum capital requirements (%)	10.12%	10.61%	13.37%	12.40%	11.99%

		AED'000	AED'000	AED'000	AED'000	AED'000
		30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sept 2024	30 Jun 2024
	Leverage Ratio					
13	Total leverage ratio measure	16,184,261	16,056,890	15,921,596	15,054,399	14,869,556
14	Leverage ratio (%)	9.40%	9.37%	10.55%	9.98%	9.71%
14a	Fully loaded ECL accounting model leverage ratio (%)	9.40%	9.37%	10.55%	9.98%	9.71%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	9.40%	9.37%	10.55%	9.98%	9.71%
21	Total HQLA	6,440,761	6,395,180	6,199,997	5,953,380	5,479,847
22	Total liabilities	14,020,341	13,519,623	13,467,502	12,735,594	12,643,541
23	Eligible Liquid Assets Ratio (ELAR) (%)	45.9%	47.3%	46.0%	46.7%	43.3%
	ASRR					
24	Total available stable funding	13,194,296	13,268,971	13,152,055	12,314,460	12,183,204
25	Total Advances	5,027,438	4,800,500	4,740,602	4,384,888	4,202,118
26	Advances to Stable Resources Ratio (%)	38.1%	36.2%	36.0%	35.6%	34.5%

5. Overview of RWA (OV1)

		AED'000	AED'000	AED'000
		RWA		Minimum capital requirements
		30 Jun 2025	31 Mar 2025	30 Jun 2025
1	Credit risk (excluding counterparty credit risk)	6,461,335	6,182,028	678,440
2	Of which: standardised approach (SA)	6,461,335	6,182,028	678,440
6	Counterparty credit risk (CCR)	2,441	2,168	256
7	Of which: standardised approach for counterparty credit risk	2,441	2,168	256
10	Credit valuation adjustment (CVA)	1,417	1,863	149
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
18	Of which: securitisation external ratings-based approach (SEC-ERBA)			
19	Of which: securitisation standardised approach (SEC-SA)			
20	Market risk	8,913	8,353	936
21	Of which: standardised approach (SA)	8,913	8,353	936
23	Operational risk	1,294,470	1,294,470	135,919
26	Total (1+6+10+11+12+13+14+15+16+20+23)	7,768,575	7,488,882	815,700

Total capital requirement is defined as the sum of Pillar I and Pillar II capital requirements set by the CBUAE for Capital Adequacy. The minimum requirements represent the total capital requirement to be met by CET1.

6. Regulatory Capital

Capital Management

The Bank's regulator, the Central Bank of the UAE ('CBUAE'), sets and monitors regulatory capital requirements. The Bank's objectives when managing capital are as follows:

- Safeguard the Bank's ability to continue as a going concern and optimize returns for shareholders;
- Comply with regulatory capital requirements set by the Central Bank of the UAE.

The Bank's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank also assesses its capital requirements internally taking into consideration growth requirements and business plans and quantifies its Regulatory and Risk / Economic Capital requirements within its ICAAP.

Risks such as Interest Rate Risk in the Banking Book, Credit Concentration Risk, Legal Risk, Compliance Risk, Liquidity Risk, Business Risk, Residual Risk, Counterparty Credit Risk and Reputational Risk are all part of the ICAAP.

The CBUAE supervises the Bank on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Bank as a whole. Effective from 2017, the capital is computed at a Bank level using the Basel III framework of the Basel Committee on Banking Supervision ('Basel Committee'), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three 'pillars': minimum capital requirements, supervisory review process and market discipline.

The Bank has complied with all the externally imposed capital requirements.

Composition of Regulatory Capital (CC1)

		(AED 000s) 30 Jun 2025
Common Equity Tier 1 capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	500,000
2	Retained earnings	773,955
3	Accumulated other comprehensive income (and other reserves)	247,406
4	<i>Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)</i>	
5	Common share capital issued by third parties (amount allowed in group CET1)	-
6	Common Equity Tier 1 capital before regulatory deductions	1,521,361
Common Equity Tier 1 capital regulatory adjustments		
7	Prudent valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles including mortgage servicing rights (net of related tax liability)	-
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-
11	Cash flow hedge reserve	-
12	Securitisation gain on sale	-
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-
14	Defined benefit pension fund net assets	-
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-

	Common Equity Tier 1 capital regulatory adjustment	(AED 000s) 30 Jun 2025
20	Amount exceeding 15% threshold	-
21	Of which: significant investments in the common stock of financials	-
22	Of which: deferred tax assets arising from temporary differences	-
23	CBUAE specific regulatory adjustments	-
24	Total regulatory adjustments to Common Equity Tier 1	-
25	Common Equity Tier 1 capital (CET1)	1,521,361
Additional Tier 1 capital: instruments		
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-
27	Of which: classified as equity under applicable accounting standards	-
28	Of which: classified as liabilities under applicable accounting standards	-
29	<i>Directly issued capital instruments subject to phase-out from additional Tier 1</i>	-
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-
31	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
32	Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory adjustments		
33	Investments in own additional Tier 1 instruments	-
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
36	CBUAE specific regulatory adjustments	-
37	Total regulatory adjustments to additional Tier 1 capital	-
38	Additional Tier 1 capital (AT1)	-
39	Tier 1 capital (T1= CET1 + AT1)	1,521,361
Tier 2 capital: instruments and provisions		
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
41	<i>Directly issued capital instruments subject to phase-out from Tier 2</i>	-
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-

	Tier 2 capital: instruments and provision	(AED 000s) 30 Jun 2025
43	<i>Of which: instruments issued by subsidiaries subject to phase-out</i>	-
44	Provisions	80,815
45	Tier 2 capital before regulatory adjustments	80,815
	Tier 2 capital: regulatory adjustments	
46	Investments in own Tier 2 instruments	-
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
49	CBUAE specific regulatory adjustments	-
50	Total regulatory adjustments to Tier 2 capital	-
51	Tier 2 capital (T2)	80,815
52	Total regulatory capital (TC = T1 + T2)	1,602,176
53	Total risk-weighted assets	7,768,575
	Capital ratios and buffers	
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	19.58%
55	Tier 1 (as a percentage of risk-weighted assets)	19.58%
56	Total capital (as a percentage of risk-weighted assets)	20.62%
57	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.96%
58	Of which: capital conservation buffer requirement	2.50%
59	Of which: bank-specific countercyclical buffer requirement	0.46%
60	Of which: higher loss absorbency requirement (e.g. DSIB)	0.00%
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	10.12%
	The CBUAE Minimum Capital Requirement	
62	Common Equity Tier 1 minimum ratio	7.00%
63	Tier 1 minimum ratio	8.50%
64	Total capital minimum ratio	10.50%

		(AED 000s) 30 Jun 2025
Amounts below the thresholds for deduction (before risk weighting)		
66	Significant investments in common stock of financial entities	-
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	152,215
70	Cap on inclusion of provisions in Tier 2 under standardised approach	80,815
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
73	Current cap on CET1 instruments subject to phase-out arrangements	-
74	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
75	Current cap on AT1 instruments subject to phase-out arrangements	-
76	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	-
77	Current cap on T2 instruments subject to phase-out arrangements	-
78	Amount excluded from T2 due to cap (excess after redemptions and maturities)	-

Reconciliation of regulatory capital to balance sheet (CC2)

The table also presents the link between the Bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template (CC1).

30 Jun 2025	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	AED'000	AED'000
Assets		
Cash and balances with UAE Central Bank	3,247,057	3,247,057
Due from banks	1,332,423	1,332,423
Due from related parties	48,126	48,126
Loans and Islamic financing receivables	4,638,444	4,638,444
Investments	6,128,019	6,128,019
Property and equipment	33,610	33,610
Right of use of assets	56,901	56,901
Customers' indebtedness for acceptances	107,104	107,104
Deferred tax assets	-	-
Other assets	140,064	140,064
Total assets	15,731,748	15,731,748
Liabilities		
Deposits from customers	13,174,568	13,174,568
Due to banks	388,074	388,074
Due to related parties	13,274	13,274
Liabilities under acceptances	107,104	107,104
Other liabilities	325,393	325,393
Lease liabilities	33,808	33,808
Deferred tax liability	-	-
Total liabilities	14,042,221	14,042,221
Shareholders' equity		
Allocated capital	500,000	500,000
Legal reserve	250,000	250,000
Retained earnings	941,062	941,062
Revaluation Reserves	(1,535)	(1,535)
Impairment Reserves	-	-
Total shareholders' equity	1,689,527	1,689,527

Main features of regulatory capital instruments (CCA)

S.No.	Description	Information
1	Issuer	Habib Bank AG Zurich
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N.A
3	Governing law(s) of the instrument	Federal Law No 14 of 2018/ Circular No 12/2021 of CBUAE UAE Federal Decree Law No. 32 of 2021
	Regulatory treatment	
4	Transitional arrangement rules (i.e. grandfathering)	NA
5	Post-transitional arrangement rules (i.e. grandfathering)	NA
6	Eligible at solo/group/group and solo	NA
7	Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 500 Million
9	Nominal amount of instrument	AED 500 Million
9a	Issue price	AED 1 per instrument
9b	Redemption price	NA
10	Accounting classification	Equity attributable to equity holders
11	Original date of issuance	NA
12	Perpetual or dated	NA
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	NA
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	NA
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	NA
21	Existence of step-up or other incentive to redeem	NA
22	Non-cumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	Writedown feature	NA
25	If writedown, writedown trigger(s)	NA
26	If writedown, full or partial	NA
27	If writedown, permanent or temporary	NA
28	If temporary write-own, description of writeup mechanism	NA
28a	Type of subordination	NA
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	NA
30	Non-compliant transitioned features	NA
31	If yes, specify non-compliant features	NA

Countercyclical Buffer (CCyB1)

The table also presents Geographical distribution of credit exposures used in the countercyclical capital buffer.

Geographical breakdown	30 th Jun 2025 (AED'000)				
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
UAE	0.398%	5,380,579	3,788,341		
Other Countries	0.00%	1,144,212	742,706		
Korea, Republic of	0.014%	98,105	64,334		
Germany	0.010%	94,166	65,502		
United Kingdom	0.015%	73,334	36,662		
Australia	0.015%	50,872	34,522		
Saudi Arabia	0.005%	43,276	21,638		
Hong Kong	0.001%	10,656	5,328		
South Africa	0.000%	419	8		
Sum	0.457%	6,895,619	4,759,041		

7. Leverage Ratio

Summary comparison of accounting assets vs leverage ratio exposure (LR1)

The following table reconciles the total assets in the published financial statements to the leverage ratio exposure measure.

		30 Jun 2025 AED'000
1	Total consolidated assets as per published financial statements *	15,731,748
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	2,594
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
4	Adjustments for temporary exemption of central bank reserves (if applicable)	
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	10,496
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	-
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	439,423
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	
12	Other adjustments – round off	-
13	Leverage ratio exposure measure	16,184,261

- **Leverage ratio common disclosure template (LR2)**

The following table provides a detailed breakdown of the components of the leverage ratio denominator, as well as information on the actual leverage ratio, minimum requirements and buffers.

		AED'000	AED'000
		30 Jun 2025	31 Mar 2025
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	15,624,643	15,454,698
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework		
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)		
6	(Asset amounts deducted in determining Tier 1 capital)	2,594	24,994
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	15,627,237	15,479,692
Derivative exposures			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	39
9	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	7,497	7,705
	CCR exposure for derivatives transactions (calculated as 1.4 x (Row 4+5))	10,496	10,841
10	(Exempted CCP leg of client-cleared trade exposures)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivative exposures (sum of rows 9 to 12)	10,496	10,841
Securities financing transactions			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-

		AED'000 30 Jun 2025	AED'000 31 Mar 25
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	Total securities financing transaction exposures (sum of rows 14 to 17)	-	-
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	2,088,110	2,600,556
20	(Adjustments for conversion to credit equivalent amounts)	-1,541,582	-2,034,199
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	Off-balance sheet items (sum of rows 19 to 21)	546,528	566,356
Capital and total exposures			
23	Tier 1 capital	1,521,361	1,503,871
24	Total exposures (sum of rows 7, 13, 18 and 22)	16,184,261	16,056,890
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	9.4%	9.4%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	9.4%	9.4%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	Applicable leverage buffers	6.4%	6.4%

8. Credit Risk

Credit quality of assets (CR1)

The table provides a comprehensive picture of the credit quality of the Bank's (on- and off-balance sheet) assets.

		a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
30 th Jun 2025 (AED'000)		Defaulted exposures	Non- defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	93,305	4,773,463	228,324	87,703	140,621	4,638,444
2	Debt securities		6,128,349	330		330	6,128,019
3	Off-balance sheet exposures	1,950	582,655	10,088	1,950	8,138	574,517
4	Total	95,255	11,484,467	238,742	89,653	149,089	11,340,980

- The defaulted exposures as reported above are in-line with regulatory reporting i.e. past due more than 90 days.

Changes in stock of defaulted loans and debt securities (CR2)

The table below identifies the changes in the Bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

		30 Jun 2025 AED'000
1	Defaulted loans and debt securities at the end of the previous reporting period (Dec 31, 2024)	129,678
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-default status	-
4	Amounts written off	(3,102)
5	Other changes	(31,321)
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	95,255

Credit risk mitigation techniques –Overview (CR3)

The following table represents the extent of use of credit risk mitigation techniques.

		a	b	c	d	e	f	g
		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
30th Jun 2025 (AED'000)								
1	Loans	3,175,890	1,684,142	562,000	6,736	6,664		
2	Debt securities	6,128,349	-	-	-	-		
3	Total	9,304,239	1,684,142	562,000	6,736	6,664	-	-
4	Of which defaulted	92,988	317	47				

Standardized approach - Credit risk exposure and Credit Risk Mitigation (CRM) effects (CR4)

The following table illustrates the effect of CRM on standardized approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

30th Jun 2025 (AED'000)		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Asset classes							
Sovereigns and their central banks		6,626,905	-	6,626,905	-	168,652	2.5%
Public Sector Entities		115,720	-	115,720	-	23,144	20.0%
Multilateral development banks		-	-	-	-	-	-
Banks		2,694,392	39,644	2,711,668	9,619	1,235,979	45.4%
Securities firms		-	-	-	-	-	-
Corporates		4,291,764	1,983,305	4,513,365	195,248	3,376,155	71.7%
Regulatory retail portfolios		176,151	73,707	234,846	7,519	80,504	33.2%
Secured by residential property		844,224	-	844,224	-	581,063	68.8%
Secured by commercial real estate		650,234	-	650,234	-	648,380	99.7%
Equity Investment in Funds (EIF)		-	-	-	-	-	-
Past-due loans		154,963	1,950	51,270	1,950	53,131	99.8%
Higher-risk categories		-	-	-	-	-	-
Other assets		316,154	-	315,049	-	296,769	94.2%
Total		15,870,507	2,098,605	16,063,281	214,336	6,463,776	39.7%

Standardized approach - Exposures by asset classes and risk weights (CR5)

The following table presents the breakdown of credit risk exposures under the standardized approach by asset class and risk weight.

30 th Jun 2025 AED'000		0%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
	Asset classes									
1	Sovereigns and their central banks	6,356,284	182,523	-			-	88,098		6,626,905
2	Public Sector Entities		115,720							115,720
3	Multilateral development banks									-
4	Banks		1,129,907		1,224,922		304,298	62,159		2,721,286
5	Securities firms									-
6	Corporates	704,250	47,295		988,854		2,328,579	-	639,635	4,708,613
7	Regulatory retail portfolios	140,796				84,262	17,307			242,365
8	Secured by residential property	2,087		401,652		-	440,485			844,224
9	Secured by commercial real estate	1,854					648,380			650,234
10	Equity Investment in Funds (EIF)									-
11	Past-due loans	89					53,131	-		53,220
12	Higher-risk categories									-
13	Other assets	91,137					175,341		48,571	315,049
14	Total	7,296,497	1,475,445	401,652	2,213,776	84,262	3,967,521	150,257	688,206	16,277,617

9. Counterparty credit risk (CCR)

Analysis of Counterparty Credit Risk by approach (CCR1)

The following table provides a comprehensive view of the method used to calculate counterparty credit risk regulatory requirements and the main parameters used within each method.

30 th Jun 2025 AED'000		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post- CRM	RWA
1	SA-CCR (for derivatives)	0	7,497		1.4	10,496	2,441
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5							
6	Total						2,441

- Based on CBUAE guidelines

Credit valuation adjustment capital charge (CCR2)

		a	B
		EAD post- CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge	10,496	1,417
2	All portfolios subject to the Simple alternative CVA capital charge		

- Based on CBUAE guidelines

Standardized approach - CCR exposures by regulatory portfolio and risk weights (CCR3)

The following table provides a breakdown of counterparty credit risk exposures calculated according to the standardized approach by regulatory portfolio and by risk weight.

Regulatory portfolio	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-
Banks	-	9,355	1,141	-	-	-	-	10,496
Securities firms	-	-	-	-	-	-	-	-
Corporates	-	-	-	-	-	-	-	-
Regulatory retail portfolios	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-
Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	-	9,355	1,141	-	-	-	-	10,496

Composition of collateral for Counterparty Credit Risk exposure (CCR5)

The following table provides a breakdown of all types of collateral posted or received by the Bank to support or reduce the counterparty credit risk exposures related to derivative transactions.

30 th Jun 2025 AED'000	a	b	c	d	e	f
	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated	-	-
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	-	-	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

Credit derivatives exposures (CCR6)

	Protection bought	Protection sold
Notionals	-	-
Single-name credit default swaps	-	-
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total notionals	-	-
Fair values	-	-
Positive fair value (asset)	-	-
Negative fair value (liability)	-	-

Exposure to Central Counterparties (CCR8)

The following table provides a comprehensive picture of the bank's exposures to central counterparties.

		EAD (post-CRM)	RWA
1	Exposures to QCCPs (total)		-
2	Exposures for trades at QCCPs (excluding initial margin and default fund contribution); of which:	-	-
3	(i) OTC derivatives	-	-
4	(ii) Exchange-traded derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contribution); of which:	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

10. Securitization

The securitization section is not applicable to our Bank.

11. Market Risk

Market risk under the standardized approach (MR1)

		30 th Jun 2025 AED'000
		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	8,913
4	Commodity risk	-
	Options	-
5	Simplified approach	-
6	Delta-plus method	-
7		
8	Securitisation	-
9	Total	8,913

12. Liquidity Risk

Liquidity Coverage Ratio (LIQ1)

The table below is not applicable to our bank.

		Total unweighted value (average)	Total weighted value (average)
High-quality liquid assets			
1	Total HQLA		-
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	-	-
3	Stable deposits	-	-
4	Less stable deposits	-	-
5	Unsecured wholesale funding, of which:	-	-
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	-	-
8	Unsecured debt	-	-
9	Secured wholesale funding		-
10	Additional requirements, of which:	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	-	-
14	Other contractual funding obligations	-	-
15	Other contingent funding obligations	-	-
16	TOTAL CASH OUTFLOWS		-
Cash inflows			
17	Secured lending (eg reverse repo)	-	-
18	Inflows from fully performing exposures	-	-
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS	-	-
			Total adjusted value
21	Total HQLA		-
22	Total net cash outflows		-
23	Liquidity coverage ratio (%)		-

Net Stable Funding Ratio (NSFR) – LIQ2

Net Stable Funding Ratio (NSFR) is applicable to banks that are approved by the Central Bank of the UAE (CBUAE) to operate under the Liquidity Coverage Ratio (LCR)/NSFR regulatory framework. The NSFR is not applicable to our bank.

(In currency amount)		Unweighted value by residual maturity				Weighted value
		No maturity*	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item						
1	Capital:	-	-	-	-	-
2	Regulatory capital	-	-	-	-	-
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	-	-	-	-
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding:	-	-	-	-	-
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	-	-	-	-
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	-	-	-	-	-
12	NSFR derivative liabilities					
13	All other liabilities and equity not included in the above categories	-	-	-	-	-
14	Total ASF					
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	-	-	-	-
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	-	-	-
21	With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the standardised approach for credit risk	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-

25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets:	-	-	-	-	-
27	Physical traded commodities, including gold					-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted					
31	All other assets not included in the above categories					-
32	Off-balance sheet items					-
33	Total RSF					-
34	Net Stable Funding Ratio (%)					-

* Items to be reported in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities and physical traded commodities.

Eligible Liquid Assets Ratio

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	3,247,057	
1.2	UAE Federal Government Bonds and Sukuks	2,834,033	
	Sub Total (1.1 to 1.2)	6,081,090	6,081,090
1.3	UAE local governments publicly traded debt securities	37,635	
1.4	UAE Public sector publicly traded debt securities		
	Sub total (1.3 to 1.4)	37,635	37,635
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	322,036	322,036
1.6	Total	6,440,761	6,440,761
2	Total liabilities		14,020,341
3	Eligible Liquid Assets Ratio (ELAR)		45.94%

Advances to Stables Resource Ratio

		Items	Amount
1		Computation of Advances	
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	4,598,512
	1.2	Lending to non-banking financial institutions	9,523
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	170,382
	1.4	Interbank Placements	249,021
	1.5	Total Advances	5,027,438
2		Calculation of Net Stable Ressources	
	2.1	Total capital + general provisions	1,840,683
		Deduct:	
	2.1.1	Goodwill and other intangible assets	
	2.1.2	Fixed Assets	33,610
	2.1.3	Funds allocated to branches abroad	
	2.1.5	Unquoted Investments	0
	2.1.6	Investment in subsidiaries, associates and affiliates	
	2.1.7	Total deduction	33,610
	2.2	Net Free Capital Funds	1,807,073
	2.3	Other stable resources:	
	2.3.1	Funds from the head office	0
	2.3.2	Interbank deposits with remaining life of more than 6 months	0
	2.3.3	Refinancing of Housing Loans	0
	2.3.4	Borrowing from non-Banking Financial Institutions	12,995
	2.3.5	Customer Deposits	11,374,228
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	
	2.3.7	Total other stable resources	11,387,223
	2.4	Total Stable Resources (2.2+2.3.7)	13,194,296
3		Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	38.10%